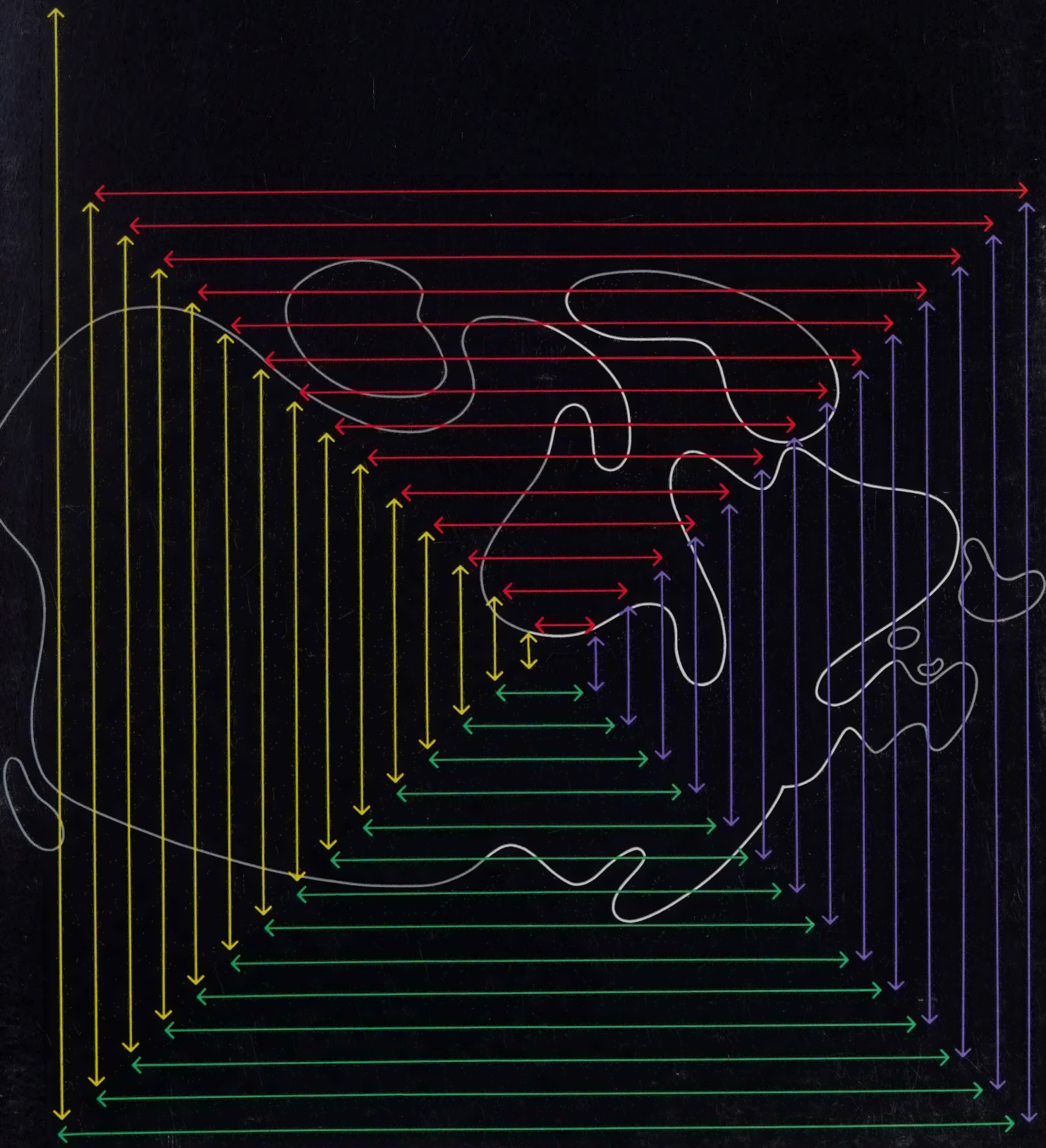


AR04



Bell Canada

Annual Report 1968







*A Bell Canada employee leaves the work centre on his daily round of installation visits to homes or places of business. The new Bell Canada emblem is prominently displayed on the familiar green truck.*





# Bell Canada

Built, managed and owned by  
Canadians

EIGHTY-NINTH

## Annual Report

YEAR ENDED DECEMBER 31, 1968

CONTENTS	Page
Notice of Annual Meeting . . . . .	1
Report of the Directors . . . . .	5
Financial Statements . . . . .	9
Auditors' Report . . . . .	15
Statistical Summary . . . . .	16

*Sur demande, le secrétaire vous fera  
volontiers parvenir un exemplaire  
français du rapport annuel.*

### LISTING OF STOCK

Montreal Stock Exchange  
The Toronto Stock Exchange

### STOCK TRANSFER OFFICES

Company Treasurer's Office *Montreal*  
  
The Royal Trust Company *Toronto*;  
*St. John's, Nfld.; Halifax;*  
*Charlottetown; Saint John, N.B.;*  
*Winnipeg; Regina; Calgary;*  
*Vancouver*

### REGISTRAR FOR STOCK

Montreal Trust Company *Montreal*;  
*Toronto; St. John's, Nfld.; Halifax;*  
*Charlottetown; Saint John, N.B.;*  
*Winnipeg; Regina; Calgary;*  
*Vancouver*

### TRUSTEE FOR BONDS

The Royal Trust Company *Montreal*

### 1969 ANNUAL MEETING

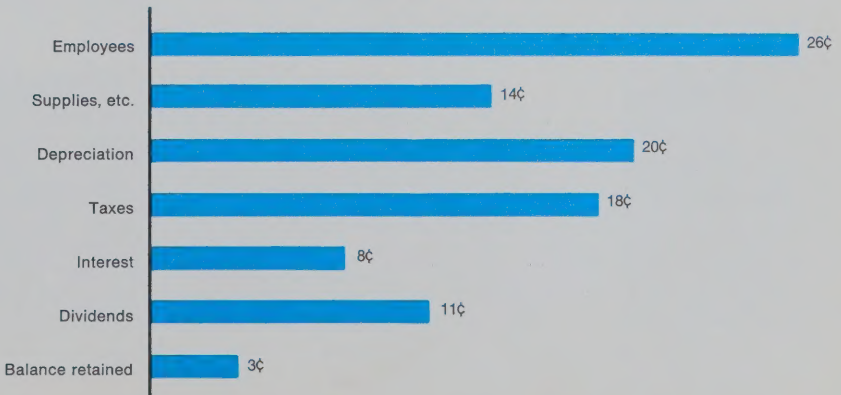
The Annual and Special General  
Meeting of the shareholders will take  
place at 11:00 a.m., Thursday, March 20,  
1969, at 1050 Beaver Hall Hill,  
Montreal, Quebec, Canada.

FACTS AND FIGURES AT A GLANCE	1968	1967
Operating Revenues . . . . .	\$758,478,000	\$702,036,000
Other Income . . . . .	21,922,000	20,042,000
Operating Expenses . . . . .	463,987,000	430,227,000
Taxes . . . . .	141,115,000	130,564,000
Interest Charges . . . . .	60,969,000	52,750,000
Net Income . . . . .	114,329,000	108,537,000

Earnings per share . . . . .	\$3.27	\$3.16
Dividends per share . . . . .	\$2.50	\$2.50
Return on total capital . . . . .	6.9%	6.8%

Construction expenditures . . . . .	\$338,629,000	\$312,524,000
Telephones added . . . . .	298,681	283,709
Local calls — daily average . . . . .	31,916,000	30,000,000
Long distance calls — daily average . . . . .	664,000	612,000
Employees — year-end total . . . . .	37,489	38,123
Bell Canada payroll . . . . .	\$250,682,000	\$236,781,000

### DISPOSITION OF INCOME DOLLAR

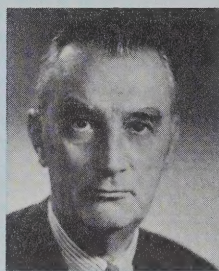




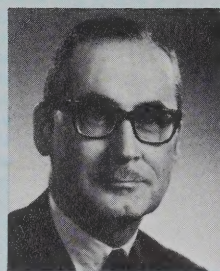
# OFFICERS

## CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

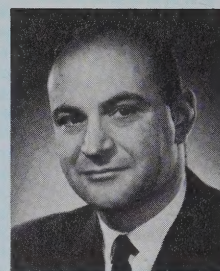
MARCEL VINCENT



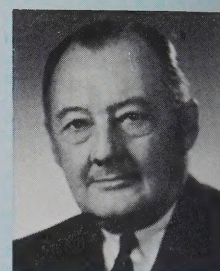
MARCEL VINCENT



ROBERT C. SCRIVENER



A. JEAN de GRANDPRÉ, Q.C. •



ARNOLD J. GROLEAU

## PRESIDENT

ROBERT C. SCRIVENER

## EXECUTIVE VICE-PRESIDENTS

A. JEAN de GRANDPRÉ, Q.C.

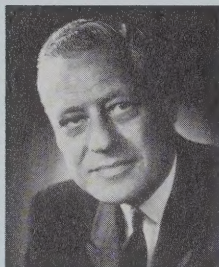
*Administration*

ARNOLD J. GROLEAU

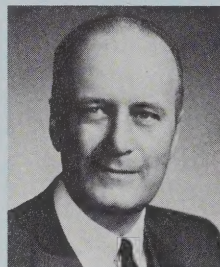
*Operations*

ALEXANDER G. LESTER

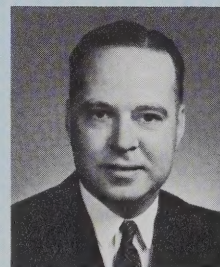
*Planning & Research*



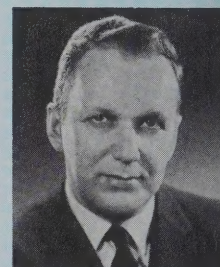
W. HARVEY CRUICKSHANK



MAURICE d'AMOURS



MALCOLM N. DAVIES



CLAUDE DUHAMEL

## VICE-PRESIDENTS

W. HARVEY CRUICKSHANK

*Public Relations*

MAURICE d'AMOURS

*Montreal Area*

MALCOLM N. DAVIES

*Planning*

CLAUDE DUHAMEL

*Operations Staff*

J. PAUL GAGNON

*Eastern Area*

Z. HENRY KRUPSKI

*Trans-Canada*

J. VERNON LEWORTHY

*Toll Area*

WALTER F. LIGHT

*Engineering*

WALLACE C. MACPHERSON

*Personnel*

WALLACE M. RANKIN

*Toronto Area*

JOHN E. SKINNER

*Western Area*

JAMES C. THACKRAY

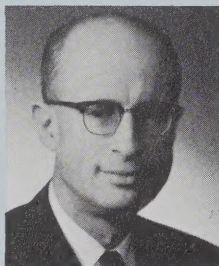
*Central Area*

ORLAND TROPEA

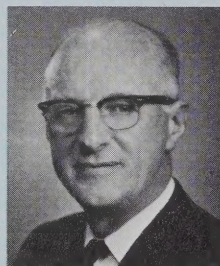
*Regulatory Matters*

GEORGE C. WALLACE

*Finance*



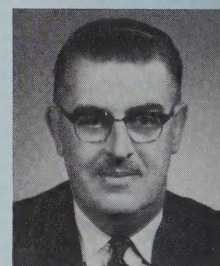
Z. HENRY KRUPSKI



J. VERNON LEWORTHY



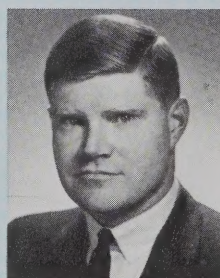
WALTER F. LIGHT



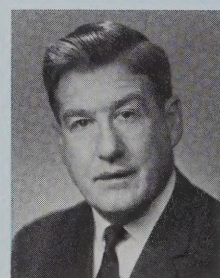
WALLACE C. MACPHERSON



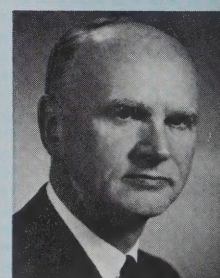
JOHN E. SKINNER



JAMES C. THACKRAY



ORLAND TROPEA



GEORGE C. WALLACE

## TREASURER

WILLIAM C. CORBETT

## COMPTROLLER

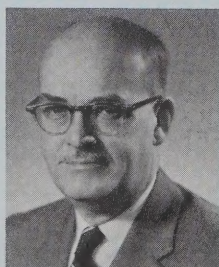
HARRY PILKINGTON

## GENERAL COUNSEL

GUY HOULE

## SECRETARY

SYDNEY D. McMORRAN



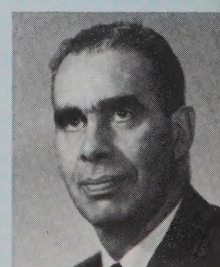
WILLIAM C. CORBETT



HARRY PILKINGTON



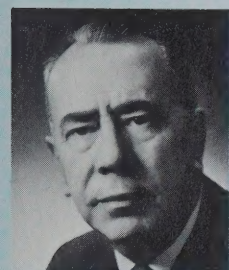
GUY HOULE



SYDNEY D. McMORRAN



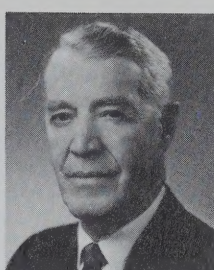
# DIRECTORS



ALEXANDER G. LESTER



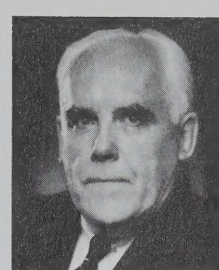
W. M. VACY ASH  
Toronto  
Company Director



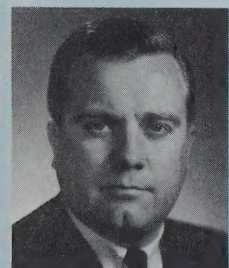
J. LAURENCE BLACK  
Sackville, N.B.  
Chairman, The New Brunswick  
Telephone Company, Limited



HENRY BORDEN, C.M.G., Q.C.  
Toronto  
Chairman, British Newfound-  
land Corporation, Limited



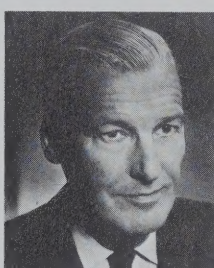
THOMAS W. EADIE\*  
Montreal  
Former Chairman,  
Bell Canada



J. PAUL GAGNON



MARCEL FARIBAULT\*  
Montreal  
Chairman, Compagnie  
France Film



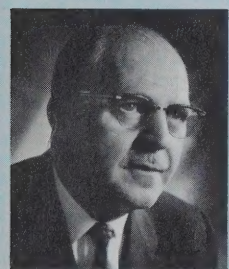
JOHN A. FULLER\*  
Montreal  
Company Director



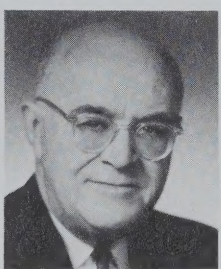
HELEN S. HOGG, S.M.  
Toronto  
Professor and Research  
Associate, University of  
Toronto. Elected March 21, 1968



R. HOLLEY KEEFLER,  
C.B.E., D.S.O.\* Montreal  
Chairman, Northern Electric  
Company, Limited



WALLACE M. RANKIN



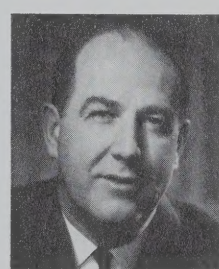
HERBERT H. LANK\*  
Montreal  
Chairman, Du Pont of Canada  
Limited



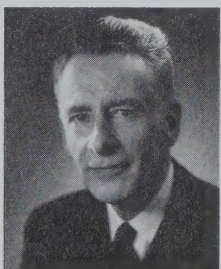
DONALD MCINNES, Q.C.  
Halifax, N.S.  
Senior Partner, McInnes,  
Cooper and Robertson



KENNETH G. MCKAY  
New York, N.Y.  
Vice-President, American  
Telephone & Telegraph Co.



JOHN H. MOORE  
London  
Chairman and President,  
John Labatt Limited



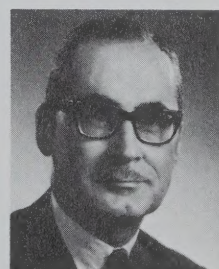
ARTHUR S. PATTILLO, Q.C.  
Toronto  
Partner, Blake, Cassels &  
Graydon



H. LOCKE ROBERTSON  
Montreal  
Principal & Vice-Chancellor,  
McGill University



LUCIEN G. ROLLAND  
Montreal  
President and General  
Manager, Rolland Paper  
Company, Limited



ROBERT C. SCRIVENER\*  
Montreal  
President, Bell Canada



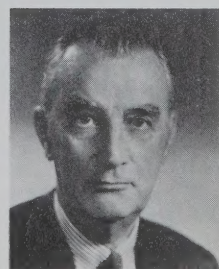
GRAHAM F. TOWERS, C.M.G.  
Ottawa  
Chairman, Canada Life  
Assurance Company



JEAN TURGEON, Q.C.  
Quebec  
Senior Member, Turgeon,  
Amyot, Choquette & Lesage



HON. MADAME GEORGES  
P. VANIER, P.C., C.C.  
Montreal  
Company Director.  
Elected March 21, 1968



MARCEL VINCENT\*  
Montreal  
Chairman and Chief  
Executive Officer, Bell Canada

\*Member of the Executive Committee





*The microwave tower — speeding voice, picture and data signals to their separate destinations — stands as a symbol of the modern, integrated telecommunications network that serves Canada so well. And in the background, the moon reminds us that there is no longer a limit on the scope of clear, accurate and immediate communication.*



The year 1968 was a most significant one for the future of Bell Canada.

- Last March Parliament authorized an increase in the Company's capitalization, a redefinition of our corporate powers, and official use of the new corporate name: Bell Canada. Approval of these and other important changes in the Company's Charter indicated recognition by Parliament of the role Bell Canada is expected to play as supplier of a full range of telecommunications services.

- The importance of communications as a key element in social and economic development received increased attention by government.

- Despite a further rise in productive efficiency, the continuing pressure of a higher level of taxes, interest rates, wages and other operating costs caused the Company to file, in December, an application for higher basic telephone rates — the first in 10 years.

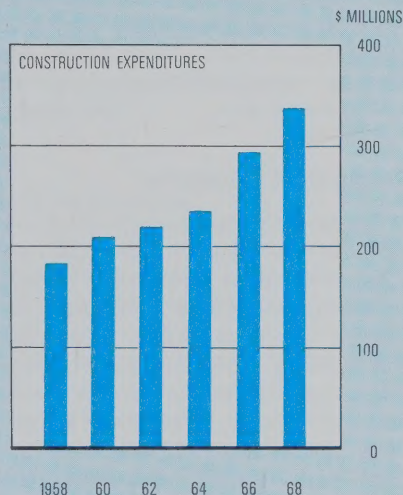
## A Look at the Past

The number of telephones served by Bell Canada exceeded 5.4 million in 1968, an increase of nearly 300,000 over the previous year.

The money spent by the Company on expanding and improving facilities increased from \$313 million in 1967 to \$339 million in 1968.

In the 10 years since the present local rate structure was established, a great deal of progress has been made. The number of telephones served by Bell Canada has increased 74 per cent; service is more reliable and versatile; transmission is better; most long distance calls can now be dialed by the customer; electronic switching is well under way; more and more data is being carried over the network which is becoming increasingly sophisticated; Touch-Tone

CUSTOMER DEMAND REQUIRES GROWTH



telephones are being introduced widely; colour television programs are being carried across the country over the Trans-Canada Microwave Network; research and development work useful to the introduction of communications satellites is in an advanced stage — these are just a few of the tangible indicators of growth, progress and innovation that characterize our business.

This growth and improvement in service has required the investment by Bell Canada of \$2.5 billion on construction in the past decade — between 85 and 90 per cent of it to provide service facilities demanded by the public. This expenditure has been spread across hundreds of communities throughout Ontario and Quebec, Labrador and the Northwest Territories, representing a vitally important contribution to both local and national prosperity.

This carefully-planned investment has contributed in no small measure to the development of a Canadian communications network which is

known and respected around the world for its instant availability, reliability and over-all quality.

## The Challenge Before Us

In the next decade Canada faces a challenge of economic growth and development as important as any in the nation's history. By 1980 the country's population will be close to 25 million people. With 40 per cent of them expected to be available for productive employment, some 2.5 million new jobs must be created. This will require co-ordinated and mutually supportive effort on the part of industry and governments.

Good telecommunications services are the catalyst of today's activity in every sphere. They are likely to be even more important in the future — not only for their own sake, but also for the interactions they foster and the increased effectiveness they give to the other ingredients of development and growth. Communications technology and the transmission network are essential elements in better industrial and business performance, in greater national productivity. Moreover, attraction of new industries and further development of existing ones — the primary sources of new jobs — demand an up-to-date, flexible and fully integrated communication system.

This, then, is the challenge facing Canadian telecommunications; Bell Canada, along with its fellow members of the Trans-Canada Telephone System and other parts of the industry, must continue to meet it.

It is expected that in the next decade the number of telephones served by Bell Canada will increase by 70 per cent and long distance calling will nearly double. Already the rate of growth in the transmission of non-voice information is greater than that of voice. The capacity and flexi-



bility of the integrated wire-cable-microwave network of the Trans-Canada Telephone System make it a key to the extension of wide band services—including television for entertainment, educational and industrial applications—and to the productive use by Canadians of ever faster and more efficient computers.

Required to meet the increasingly sophisticated demands of Canadian industry, education and government—and for the greater convenience of all our customers—an array of new and versatile services is being developed for introduction within the next 10 years. Perhaps most striking among them will be Picturephone sets linking families and friends, buyers and sellers, by sight as well as sound. Merely by pushing a few Touch-Tone buttons, many telephone users will be able to retrieve from central libraries, operated by universities and other institutions, a wide variety of information which will be flashed on their Picturephone screens. Consumers will be able to order goods, examined on Picturephone screens, and transfer funds from bank to store by Touch-Tone telephone. Lineless telephones will permit use of the service anywhere in home or office, with incoming calls automatically directed to wherever the user wishes.

Bell Canada will expend approximately \$5 billion in the next 10 years for growth, modernization, and the provision of new and better services. A construction program of this magnitude demands a ready supply of telecommunications equipment fully compatible with that already in service, engineered and manufactured to the most rigid standards, and backed by research and development that fit the latest advances of science and technology to the particular requirements of Canadian customers. The close integration of our service op-

erations with the production and marketing activities of our manufacturing subsidiary, Northern Electric, and with the advanced scientific investigation of the related Research and Development Laboratories, permits our managers to plan and build with confidence.

### Rising Cost Pressures

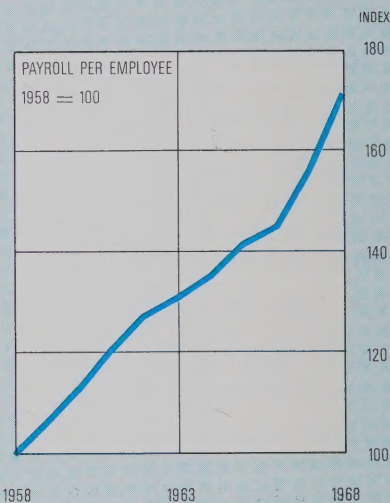
In providing telecommunications services we have to compete with other industries and with governments for manpower, materials and money. Costs for these have risen substantially during the past decade, due largely to the effects of the inflationary spiral that has afflicted most of the world. Its effects in Canada have been especially pronounced in the past three years, and the impact on Bell Canada has resulted in a substantial increase in the over-all cost of operation.

Since 1958 the average wage of our employees has increased about 70 per cent. Depreciation expense has increased from \$55.8 million in 1958 to \$151.9 million in 1968. The major reason for this higher depreciation expense was the substantial growth of investment in plant required to meet increased customer demand for service.

Operating taxes rose from \$42 million in 1958 to \$141 million in 1968, or from \$2.32 per share to \$4.04 per share—some 77 cents per share more than the present return to shareholders in dividends and earnings retained in the business. Related to the number of telephones in service, operating taxes climbed from \$13.80 per telephone in 1958 to \$26.67 per telephone in 1968.

Throughout the past 10 years, during which the official Consumer Price Index increased by 24 per cent, Bell Canada resisted the general trend towards increasing prices. By follow-

WAGES CONTINUE TO RISE



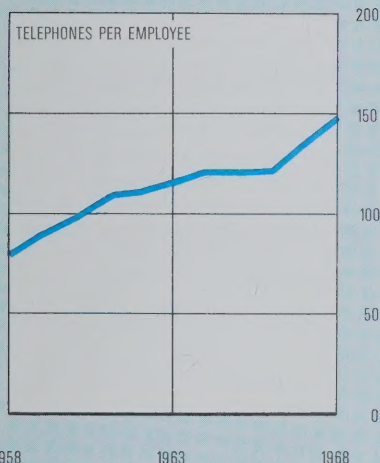
ing sound financial policies and advanced management techniques, by introducing the most up-to-date and efficient equipment and methods, the Company succeeded in overcoming cost pressures which forced other industries to raise prices. Trained people, using new and better equipment produce more and better service. One indication of our increased efficiency is the fact that for every person employed by the Company, we now serve more than 145 telephones compared with fewer than 80 in 1958. During the same period the investment in telephone plant increased from \$35,000 per employee to \$87,000.

### 1968 Financing

Although the rate of return on total capital invested in the business increased from 6.6 per cent in 1965 to



## PRODUCTIVITY INCREASED



6.9 per cent in 1968, the market price of Bell Canada shares decreased markedly during the same period. Due largely to the disappointing market performance of our stock, it was considered advisable to satisfy our need for external capital primarily by debt issues in the past two years. During 1968 bond financing was carried out on the Canadian market at a cost which exceeded the Company's rate of return on average total capital. Two new series of bonds were sold in Canada at  $7\frac{5}{8}$  per cent interest, and another in the United States at 6.9 per cent. Funds received during the year from sale of bonds amounted to \$122 million.

With this heavy reliance on debt financing, the proportion of our capital represented by debt rose to 45.8 per cent at the year-end. To restore an appropriate balance between debt

and equity capital and safeguard the Company's financial standing, the composition of the capital structure should be moved back towards the long-term average debt ratio which has repeatedly been recognized by the regulatory authorities as "fair and reasonable".

## Rate Application

To help meet the pressure of still-rising costs, and to regain the flexibility we need to meet our external capital requirements on reasonable terms, we have applied to the Canadian Transport Commission for authority to increase rates for most telephone services. The proposed rate schedule is designed to increase the Company's revenues by about 10 per cent. Assuming a 40 per cent debt ratio, it will make possible a return of 8 per cent on total invested capital—a level considered essential if we are to do the job expected of us by customers, investors and employees. And do it we must if Bell Canada is to play its proper role in providing communications services that Canada will need to meet the challenge of the future.

## Satellite Communications

A development of particular significance to our industry in 1968 was the publication of a White Paper by the Government suggesting the formation of a corporation to provide domestic satellite communication services. The members of the Trans-Canada Telephone System/CN-CP consortium renewed their earlier proposal to co-operate fully with the Government in the proposed satellite corporation plan. The carriers emphasize the fact that Canada's domestic satellite communications system can achieve maximum effec-

## BENEFITS AND PENSIONS

Under the Plan for Employees' Pensions, Disability Benefits and Death Benefits  
Year 1968

Sickness Benefits . . . . .	\$1,726,162
Accident Benefits . . . . .	152,035
Death Benefits . . . . .	896,084
Disability Pensions . . . . .	126,601

The Company has established a fund with The Royal Trust Company, Montreal, as Trustee. This fund is irrevocably devoted to service and deferred pension purposes. Under an accrual program based on actuarial studies, regular payments are made to the fund by the Company and amounted to \$13,741,977 in the year 1968. The amount in the fund fully provides for future payments to those now on the pension rolls and those now entitled to retire on service pension at their own request, or to a deferred pension. The fund is not a part of the assets of the Company and is, therefore, not reflected in the balance sheet.

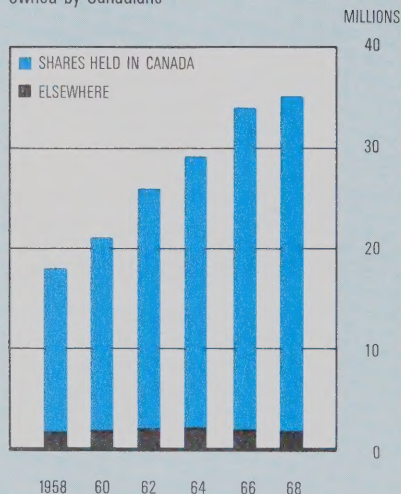
tiveness only if it is integrated with the existing national telecommunications network.

## Board of Directors

Two outstanding Canadian women were added to the Board of Directors at the last Annual Meeting of shareholders. Elected were the Honourable Madame Georges P. Vanier, P.C., C.C., Chancellor of the University of Ottawa and a director of the Bank of Montreal, and Dr. Helen S. Hogg, F.R.S.C., an eminent scientist, long associated with the David Dunlap Observatory at Richmond Hill, and Professor of Astronomy at the University of Toronto.



BELL CANADA — built, managed and owned by Canadians



After a distinguished 45-year career with the Company, Thomas Wardrope Eadie retired August 1 as Chairman of the Board of Directors. His active participation will be sorely missed throughout the telecommunications industry. He, however, remains a member of the Bell Canada Board, and his wise counsel continues to be available.

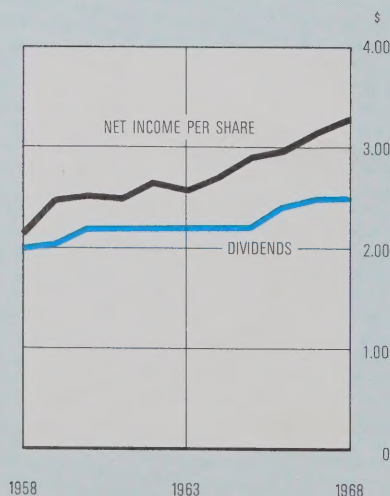
### Personnel

On Mr. Eadie's retirement Marcel Vincent became Chairman of the Board and Chief Executive Officer. Robert C. Scrivener was appointed President.

Other appointments made by the Directors were: Arnold J. Groleau, Executive Vice-President (Operations); A. Jean de Grandpré, Executive Vice-President (Administration); Malcolm N. Davies, Vice-President (Planning); Claude Duhamel, Vice-President (Operations Staff); J. Paul Gagnon, Vice-President (Eastern Area); Orland Tropea, Vice-President (Regulatory Matters). Harry Pilkington was named Comptroller and Guy Houle became General Counsel.

A service industry such as ours is only as good as the men and women who compose it. And while progressive innovation in methods and equipment over the years has enabled us to provide ever more and better tele-

EARNINGS WERE IMPROVED



### CITATIONS, LETTERS OF COMMENDATION

In 1968, as in each previous year, Bell Canada employees on numerous occasions were able to assist victims of accidents and mishaps. Citation certificates for acts of personal bravery in saving a life were awarded to Serge Savard and J. Roger Turgeon, Joliette and to John Adams Kenworthy, Sherbrooke. Letters of commendation were presented to J. S. Edmond Lépine, Joliette; Marvin D. Hastie, North Bay; John Andrew Foley, Sherbrooke; Ralph F. Baker, George J. Foreman, Rudolf Leyk, Ralph L. Leudey, James Stephen Miller, Andrew Endel Oad, Ross M. Strain, Toronto.

communications services at low cost, the achievements of Bell Canada employees should not be overlooked. Through dedication to the Company's objectives, and aided by various training and retraining programs designed to keep them abreast of the accelerating pace of change in technology and management, they have indeed performed an outstanding job. They have provided Canadians with telecommunications services among the best in the world, at prices which represent good value for the customer.

For the Board of Directors,

*Marcel Vincent*

Chairman

February 10, 1969.



**INCOME STATEMENT**

	<i>(thousands of dollars)</i>	
	<i>Year 1968</i>	<i>Year 1967</i>
<b>OPERATING REVENUES</b>		
Local Service . . . . .	\$437,554	\$409,989
Long Distance Service . . . . .	284,713	258,944
Miscellaneous (a) . . . . .	39,535	36,623
Less: Provision for Uncollectibles . . . . .	3,324	3,520
	<hr/> 758,478	<hr/> 702,036
<b>OPERATING EXPENSES</b>		
Maintenance (b) . . . . .	130,917	123,647
Depreciation (c) . . . . .	151,906	138,943
Traffic (d) . . . . .	48,334	45,893
Marketing and Commercial (e) . . . . .	53,022	51,236
Other (f) . . . . .	79,808	70,508
	<hr/> 463,987	<hr/> 430,227
<b>NET OPERATING REVENUES</b>	<hr/> 294,491	<hr/> 271,809
<b>OPERATING TAXES</b>		
Income Taxes . . . . .	102,319	94,848
Other Taxes . . . . .	38,796	35,716
	<hr/> 141,115	<hr/> 130,564
<b>OPERATING INCOME</b>	<hr/> 153,376	<hr/> 141,245
<b>OTHER INCOME</b>		
Dividends from Subsidiary Companies (i) . . . . .	13,486	12,582
Dividends and Interest from Other Investments . . . . .	4,643	4,983
Miscellaneous (g) . . . . .	3,793	2,477
	<hr/> 21,922	<hr/> 20,042
<b>TOTAL INCOME BEFORE INTEREST CHARGES</b>	<hr/> 175,298	<hr/> 161,287
<b>INTEREST CHARGES</b>		
Interest on Long Term Debt . . . . .	59,861	51,572
Other Interest . . . . .	611	674
Amortization of Discount, Premium and Expense on Long Term Debt	497	504
	<hr/> 60,969	<hr/> 52,750
<b>NET INCOME</b>	<hr/> \$114,329	<hr/> \$108,537
<b>NET INCOME PER SHARE</b>	<hr/> \$3.27	<hr/> \$3.16
<i>(Based on average shares outstanding)</i>		



## BALANCE SHEET

### ASSETS

	<i>(thousands of dollars)</i>	
	<i>December 31, 1968</i>	<i>December 31, 1967</i>
<b>TELEPHONE PROPERTY</b>		
Land, Buildings, Plant and Equipment — at cost (h) . . . . .	\$3,279,224	\$3,005,228
Less: Accumulated Depreciation . . . . .	843,631	752,210
	<u>2,435,593</u>	<u>2,253,018</u>
<b>INVESTMENTS</b>		
Subsidiary Companies — at cost (i) . . . . .	182,801	177,788
Other Companies — at cost (j) . . . . .	52,218	51,877
Special Refundable Tax . . . . .	5,628	9,449
	<u>240,647</u>	<u>239,114</u>
<b>CURRENT ASSETS</b>		
Cash . . . . .	3,948	5,024
Temporary Cash Investments (k) . . . . .	25,000	21,000
Accounts Receivable (l) . . . . .	108,377	87,908
Material and Supplies — at cost . . . . .	23,614	24,195
Prepayments (m) . . . . .	13,956	12,510
	<u>174,895</u>	<u>150,637</u>
<b>DEFERRED CHARGES</b>		
Unamortized Discount and Expense on Long Term Debt . . . . .	8,664	8,049
Other . . . . .	2,725	731
	<u>11,389</u>	<u>8,780</u>
<b>TOTAL ASSETS</b>	<u>\$2,862,524</u>	<u>\$2,651,549</u>

On behalf of the Board of Directors:

Marcel Faribault, *Director*.

R. C. Scrivener, *Director*.



## LIABILITIES

	<i>(thousands of dollars)</i>	
	<i>December 31, 1968</i>	<i>December 31, 1967</i>
<b>SHAREHOLDERS' EQUITY</b>		
Capital Stock (n) . . . . .	\$ 879,344	\$ 865,959
Premium on Capital Stock (o) . . . . .	357,304	350,896
Retained Earnings . . . . .	177,504	153,169
	<u>1,414,152</u>	<u>1,370,024</u>
<b>LONG TERM DEBT</b>		
First Mortgage Bonds (p) . . . . .	<u>1,193,052</u>	<u>1,070,228</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable (q) . . . . .	57,508	45,517
Advance Billing and Payments for Service . . . . .	18,688	17,565
Dividend Payable . . . . .	22,159	21,822
Taxes Accrued . . . . .	17,425	19,730
Interest Accrued . . . . .	17,232	15,412
	<u>133,012</u>	<u>120,046</u>
<b>DEFERRED CREDITS</b>		
Income Tax (r) . . . . .	109,501	79,916
Employees' Savings Plans (s) . . . . .	12,159	10,620
Unamortized Premium less Expense on Long Term Debt . . . . .	648	715
	<u>122,308</u>	<u>91,251</u>
<b>TOTAL LIABILITIES</b>	<u>\$2,862,524</u>	<u>\$2,651,549</u>

H. Pilkington, Comptroller.



## STATEMENT OF RETAINED EARNINGS

(thousands of dollars)

	Year 1968	Year 1967
<b>BALANCE AT BEGINNING OF YEAR</b> . . . . .	\$153,169	\$131,137
<i>Add: Net Income</i> . . . . .	114,329	108,537
	<u>267,498</u>	<u>239,674</u>
<i>Deduct: Dividends</i> . . . . .	87,358	85,941
Miscellaneous Items (net) . . . . .	2,636	564
	<u>89,994</u>	<u>86,505</u>
<b>BALANCE AT END OF YEAR</b> . . . . .	<u>\$177,504</u>	<u>\$153,169</u>

## STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

(thousands of dollars)

	Year 1968	Year 1967
<b>SOURCE OF FUNDS</b>		
Operations:		
Net Income . . . . .	\$114,329	\$108,537
<i>Add: Deferred Income Tax (r)</i> . . . . .	29,585	29,735
Depreciation and Other Transactions Not Requiring an Outlay of Funds (net) . . . . .	150,244	138,721
	<u>294,158</u>	<u>276,993</u>
Proceeds From Employees' Savings Plans . . . . .	21,332	21,367
Proceeds From Bond Issues . . . . .	122,265	163,619
Decrease in Working Capital . . . . .	—	17,262
Miscellaneous Items . . . . .	5,040	500
	<u>\$442,795</u>	<u>\$479,741</u>
<b>DISPOSITION OF FUNDS</b>		
Construction Expenditures:		
Gross Construction Expenditures . . . . .	\$338,629	\$312,524
<i>Deduct: Charges to Construction Not Requiring an Outlay of Funds</i>	8,975	9,282
	<u>329,654</u>	<u>303,242</u>
Dividends . . . . .	87,358	85,941
Increase in Working Capital . . . . .	11,292	—
Redemption of Bonds . . . . .	—	40,000
Acquisition of Investments . . . . .	5,354	39,704
Miscellaneous Items . . . . .	9,137	10,854
	<u>\$442,795</u>	<u>\$479,741</u>



# NOTES TO FINANCIAL STATEMENTS

## INCOME STATEMENT

### OPERATING REVENUES

- (a) MISCELLANEOUS: principally from directory advertising.

### OPERATING EXPENSES

- (b) MAINTENANCE: cost of inspection, repairs and rearrangements required to keep the Company's property in good operating condition.
- (c) DEPRECIATION: provision to meet the loss of investment when depreciable property is retired from service, based on rates designed to spread this loss uniformly over the life of the property.
- (d) TRAFFIC: costs, principally operators' wages, incurred in handling telephone calls.
- (e) MARKETING AND COMMERCIAL: sales expense, advertising, cost of directories, and costs incurred in business relations with customers.
- (f) OTHER: general office salaries and expenses, benefit payments, provision for service pensions, operating rents and other general expenses.

### OTHER INCOME

- (g) MISCELLANEOUS: principally interest on plant under construction.

## BALANCE SHEET

### (h) TELEPHONE PROPERTY

Land, buildings, switching and microwave equipment, poles, wire, cable, underground conduit, telephone apparatus, motor vehicles, office furniture and other equipment.

### INVESTMENTS

#### (i) SUBSIDIARY COMPANIES

Direct ownership, with voting control, in the following companies:

Northern Electric Company, Limited (100%)  
The New Brunswick Telephone Company, Limited (50.5%)  
Northern Telephone Limited (88.0%)  
The Avalon Telephone Company, Limited (99.6%)  
La Tuque Telephone Company (100%)  
Télécommunications Richelieu Limitée (99.9%)  
Télécommunications de l'Est Limitée (100%)  
Télébec Inc. (100%)  
The Pontiac Telephone Company Limited (94.8%)  
(Control acquired in March, 1968)  
The Capital Telephone Company Limited (100%)  
Téléphone Princeville Ltée (99.8%)  
La Cie de Téléphone de Disraeli (100%)  
Le Téléphone de Contrecoeur Limitée (100%)  
(Control acquired in April, 1968)  
The North American Telegraph Company (100%)

The accompanying financial statements are prepared on a corporate basis and have not been consolidated with those of subsidiary companies because 1. the operations of Bell Canada are subject to regulation by the Railway Transport Committee of the Canadian Transport Commission whereas those of its subsidiary companies are either not regulated or regulated by other jurisdictions, and 2. the business characteristics of Northern Electric Company, Limited, a manufacturing company and the principal subsidiary, are substantially different from those of the telephone companies.

The amount of the Company's proportion of the net earnings of all subsidiaries for the year 1968 is \$14,403,000 and of the retained earnings since acquisition is \$59,819,000 at December 31, 1968.

#### (j) OTHER COMPANIES

Principally direct ownership, without voting control, of 51.8% of the common shares and 5.9% of the preferred shares in the Maritime Telegraph and Telephone Company, Limited; market value at December 31, 1968: \$35,586,000.



NOTES TO FINANCIAL STATEMENTS (continued)

(k) TEMPORARY CASH INVESTMENTS

Valued at cost; market value at December 31, 1968: \$25,000,000.

(l) ACCOUNTS RECEIVABLE

Principally amounts due from customers, after a provision for uncollectibles. Includes \$5,500,000 receivable from subsidiary companies at December 31, 1968.

(m) PREPAYMENTS

Rents, taxes, insurance, cost of directories and other items applicable to subsequent period.

(n) CAPITAL STOCK

Authorized: By charter\* — \$1,750,000,000 divided into common shares of the par value of \$25 each, and into preferred shares  
By shareholders — \$1,000,000,000 divided into 40,000,000 common shares

\*Increased in 1968, by an amendment to the Company's Act of Incorporation, from \$1,000,000,000 divided into shares of the par value of \$25 each.

Outstanding: at January 1, 1968 34,638,357 common shares  
issued for cash in 1968 535,414 common shares  
at December 31, 1968 35,173,771 common shares

(o) PREMIUM ON CAPITAL STOCK

	Year 1968	Year 1967
Balance at Beginning of Year	\$350,896,000	\$341,836,000
Premium on common shares issued during the year	6,408,000	9,060,000
Balance at End of Year	<u>\$357,304,000</u>	<u>\$350,896,000</u>

(p) LONG TERM DEBT

FIRST MORTGAGE BONDS at December 31, 1968

	Maturity Date	Rate of Interest	Series	
December	1, 1970	4 %	L	\$ 16,000,000
January	2, 1972	4 3/4 %	N	20,000,000*
March	15, 1972	5 %	O	20,000,000
February	15, 1973	3 1/4 %	F	35,000,000
April	1, 1974	6 1/4 %	S	25,000,000
June	1, 1975	3 3/8 %	G	40,000,000
May	1, 1976	3 1/2 %	I	40,000,000
March	1, 1977	3 %	E	35,000,000
January	2, 1978	6 1/4 %	R	35,000,000
November	1, 1978	7 5/8 %	AK	10,000,000
May	15, 1979	3 3/4 %	K	40,000,000
July	2, 1980	5 1/4 %	Q	30,000,000
April	1, 1981	6 %	AC	13,500,000
June	1, 1981	4 %	M	24,000,000
January	2, 1982	5 1/2 %	V	40,000,000
August	2, 1982	5 3/4 %	T	50,000,000
March	15, 1983	4 1/4 %	P	50,000,000*
June	15, 1984	5 1/2 %	W	30,000,000
October	1, 1984	5 3/4 %	Y	30,000,000
January	2, 1986	6 %	U	35,000,000
July	15, 1987	6 1/8 %	AE	35,000,000
May	1, 1988	4 7/8 %	X	50,000,000*
November	1, 1988	6 1/4 %	AH	50,000,000
October	1, 1989	4.80%	Z	50,000,000*
February	1, 1990	6 3/8 %	AG	30,000,000
April	1, 1991	6 %	AD	26,500,000
November	1, 1991	7 5/8 %	AL	30,000,000
September	15, 1992	6 3/4 %	AI	45,000,000
September	1, 1995	4.85%	AA	50,000,000*
December	1, 1995	4.85%	AB	28,000,000*
October	14, 1996	6 %	AF	44,000,000*
December	1, 1997	6.60%	AJ	51,000,000*
September	17, 1998	6.90%	AM	61,525,000*

Exchange premium less discount, at time of issue, of bonds payable in United States funds	23,527,000
<b>TOTAL BONDS</b>	<b><u>\$1,193,052,000</u></b>

\*Payable in United States funds

(q) ACCOUNTS PAYABLE

Amounts owing for supplies, equipment, payrolls and other items. Includes \$22,445,000 payable to subsidiary companies at December 31, 1968.

DEFERRED CREDITS

(r) INCOME TAX: reduction in income taxes, for appropriation in future years, due to depreciation deducted for tax purposes being in excess of that included in operating expenses for the years 1954 to 1957 inclusive and 1967 to date. For the years 1958 to 1966 inclusive, depreciation deducted for tax purposes was equal to the depreciation included in the operating expenses.



- (s) **EMPLOYEES' SAVINGS PLANS:** principally amounts to the credit of employees of the Company and of certain subsidiaries, with interest thereon, for the purchase of common shares of the Company. The purchase price per share is 85% of the market value as determined under the Plan with shares of capital stock being issued upon completion of the regular payment period which is June 30 each year.

#### REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the year ended December 31, 1968, the aggregate direct remuneration paid or payable to the Directors and Senior Officers of the Company was:

By the Company:

To Directors .....	\$395,544
(This amount includes salaries of Company Officers who are Directors, who do not receive fees as Directors)	
To Senior Officers .....	\$831,329

By the subsidiaries of the Company:

To Directors .....	\$120,350
To Senior Officers .....	\$ 17,475

#### PLAN FOR EMPLOYEES' PENSIONS

The latest actuarial valuation of the Plan established an unfunded liability of \$22,077,000 at December 31, 1966. Subsequent payments to reduce this amount have been more than offset by allowances arising from increased wage levels and improvements in the Plan so that the unfunded liability is estimated to be \$29,806,000 at December 31, 1968. This amount is being funded by regular payments over the next 23 years. Payments are being charged against operations in the years in which they are made.

#### COMMITMENTS

As provided for in the Agreements dated September 4, 1968 for the private placement of \$75,000,000 in United States funds of its First Mortgage 6.90% Bonds, Series AM, the remaining \$13,475,000 was issued and paid for on January 15, 1969.

Material contractual obligations in respect of long term leases, principally covering building space, amounted to \$75,454,000 at December 31, 1968. Related rentals incurred for the year 1968 amounted to \$1,529,000 and the minimum amount applicable to the next five years is \$20,014,000 of which \$3,212,000 is applicable to the year 1969.

#### APPLICATION FOR RATE INCREASE

On December 6, 1968, the Company applied to the Canadian Transport Commission for authority to increase its rates for local and long distance services and equipment.

#### AUDITORS' REPORT

THE SHAREHOLDERS,  
BELL CANADA.

We have examined the balance sheet of Bell Canada as at December 31, 1968 and the statements of income, retained earnings and source and disposition of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and disposition of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Que.,  
February 7, 1969.

TOUCHE, ROSS, BAILEY & SMART  
Chartered Accountants.



## STATISTICAL SUMMARY 1968-1958

AT DECEMBER 31	1968	1967	1966	1965
<b>TELEPHONE FACTS</b>				
Bell Canada telephones in service . . . . .	5,450,782	5,152,101	4,868,392	4,577,573
Connected during the year* . . . . .	1,377,519	1,277,238	1,264,825	1,178,788
Net increase* . . . . .	298,681	283,709	290,819	264,996
Telephones per 100 persons . . . . .	46	44	43	42
Local calls—daily average* . . . . .	31,916,000	30,000,000	28,577,000	26,817,000
Long Distance calls—daily average* . . . . .	664,000	612,000	565,000	536,000
<b>PEOPLE and PAYROLL</b>				
Number of employees . . . . .	37,489	38,123	40,008	38,320
Total Bell Canada payroll* . . . . .	\$ 250,682,000	\$ 236,781,000	\$ 225,437,000	\$ 200,236,000
<b>LAND, BUILDINGS, PLANT and EQUIPMENT</b>				
Value at cost . . . . .	\$3,279,224,000	\$3,005,228,000	\$2,748,866,000	\$2,519,326,000
Accumulated depreciation . . . . .	\$ 843,631,000	\$ 752,210,000	\$ 667,700,000	\$ 596,256,000
Construction expenditures* . . . . .	\$ 338,629,000	\$ 312,524,000	\$ 293,335,000	\$ 242,458,000
<b>OPERATING RESULTS</b>				
Operating revenues* . . . . .	\$ 758,478,000	\$ 702,036,000	\$ 645,047,000	\$ 592,961,000
Operating expenses* . . . . .	\$ 463,987,000	\$ 430,227,000	\$ 406,679,000	\$ 372,318,000
Operating taxes* . . . . .	\$ 141,115,000	\$ 130,564,000	\$ 114,433,000	\$ 106,101,000
Net income* . . . . .	\$ 114,329,000	\$ 108,537,000	\$ 91,963,000	\$ 86,525,000
Net income per share* . . . . .	\$3.27	\$3.16	\$2.98	\$2.92
Dividends per share* . . . . .	\$2.50	\$2.50	\$2.43	\$2.20
Per cent return on total capital* . . . . .	6.9	6.8	6.5	6.6
<b>OTHER FINANCIAL ITEMS</b>				
Shareholders' equity . . . . .	\$1,414,152,000	\$1,370,024,000	\$1,324,848,000	\$1,134,982,000
Equity per share . . . . .	\$40.20	\$39.55	\$38.88	\$38.07
Long term debt . . . . .	\$1,193,052,000	\$1,070,228,000	\$ 944,803,000	\$ 794,353,000
Bell Canada shareholders . . . . .	254,690	259,001	255,449	213,939
Shares outstanding—average* . . . . .	34,943,267	34,376,205	30,866,790	29,604,077
Per cent shares held in Canada . . . . .	95.2	94.9	94.6	93.7

\*for the year ended December 31



1964	1963	1962	1961	1960	1959	1958
4,312,577	4,090,102	3,890,630	3,695,107	3,515,007	3,330,877	3,140,349
1,067,648	997,727	962,600	903,583	873,428	857,788	785,121
222,475	199,472	195,523	180,100	184,130	190,528	185,465
40	39	39	38	37	36	35
25,525,000	24,458,000	23,464,000	22,279,000	21,277,000	20,573,000	19,468,000
495,000	468,000	440,000	409,000	391,000	378,000	361,000
35,890	35,441	35,086	34,302	35,656	37,158	39,321
\$ 187,081,000	\$ 179,297,000	\$ 170,471,000	\$ 161,859,000	\$ 159,029,000	\$ 155,156,000	\$ 154,612,000
\$2,337,429,000	\$2,172,448,000	\$2,000,944,000	\$1,842,548,000	\$1,697,921,000	\$1,534,463,000	\$1,378,274,000
\$ 533,053,000	\$ 485,318,000	\$ 442,500,000	\$ 408,430,000	\$ 370,334,000	\$ 337,556,000	\$ 305,707,000
\$ 233,533,000	\$ 234,088,000	\$ 219,357,000	\$ 192,579,000	\$ 207,662,000	\$ 196,104,000	\$ 183,168,000
\$ 542,772,000	\$ 502,977,000	\$ 470,995,000	\$ 433,657,000	\$ 404,848,000	\$ 376,605,000	\$ 328,818,000
\$ 343,366,000	\$ 325,795,000	\$ 301,857,000	\$ 282,488,000	\$ 270,428,000	\$ 256,232,000	\$ 239,303,000
\$ 96,037,000	\$ 84,833,000	\$ 81,601,000	\$ 73,483,000	\$ 64,731,000	\$ 59,082,000	\$ 42,020,000
\$ 77,739,000	\$ 68,294,000	\$ 65,285,000	\$ 57,691,000	\$ 53,512,000	\$ 50,284,000	\$ 38,899,000
\$2.71	\$2.58	\$2.66	\$2.50	\$2.52	\$2.48	\$2.15
\$2.20	\$2.20	\$2.20	\$2.20	\$2.20	\$2.05	\$2.00
6.3	6.1	6.3	6.0	6.0	5.9	5.3
\$1,098,245,000	\$ 981,211,000	\$ 956,839,000	\$ 848,160,000	\$ 751,245,000	\$ 734,400,000	\$ 631,362,000
\$37.37	\$36.80	\$36.49	\$35.72	\$35.20	\$34.93	\$34.72
\$ 735,000,000	\$ 710,000,000	\$ 630,000,000	\$ 570,000,000	\$ 545,000,000	\$ 453,000,000	\$ 423,000,000
207,150	195,037	192,854	178,126	171,288	170,767	157,724
28,638,374	26,449,506	24,531,079	23,084,641	21,205,613	20,262,193	18,090,215
93.6	93.1	93.0	92.2	92.1	92.0	91.8





*Bell Canada is the nation's leading industrial user of computers in the operation of its business. New data centres at Don Mills, Ontario, and Dorval, Quebec, will enable the Company to continue the administrative innovation which is an essential element in constantly improving the quality and value of its services to customers.*

## **Innovation — Driving Force behind Success**

Never was the need for an innovative climate more imperative than it is today. With business operations becoming more complex, more demanding, and with the pressures of competition growing steadily, the success of any business depends more and more on its innovative performance both technological and managerial.

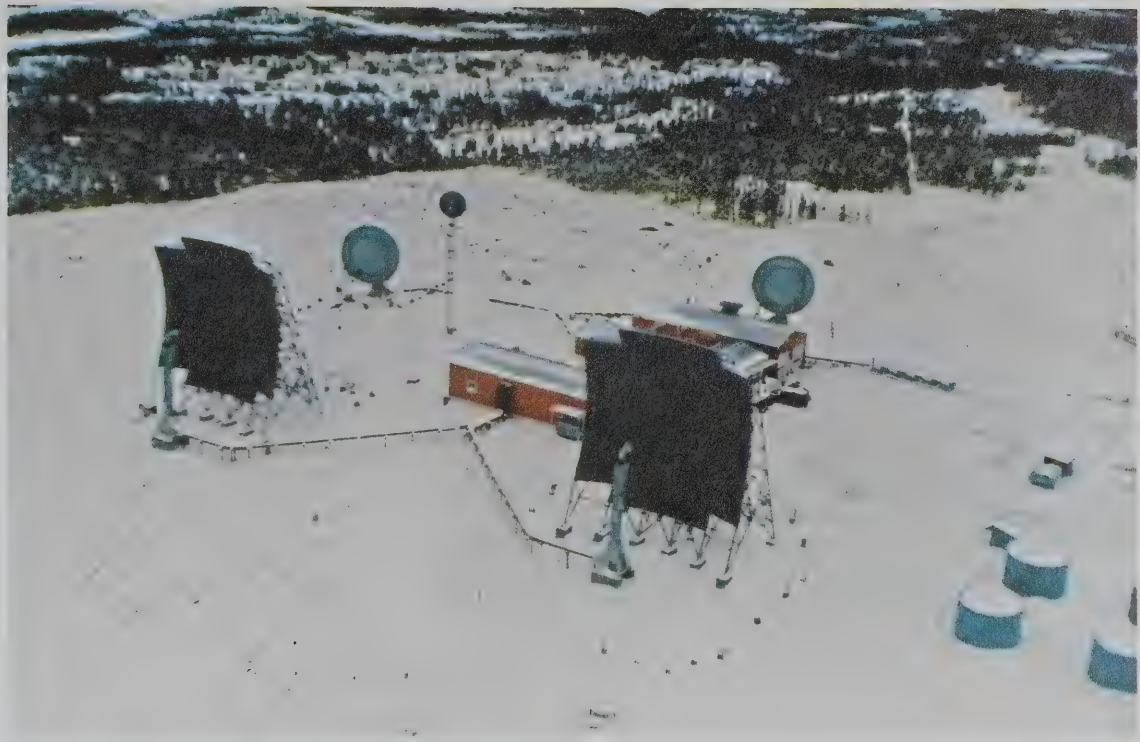
The telephone has evolved through a continuing process of innovation. More vital, through innovation the telephone has served as the core for the development of a further broad spectrum of sophisticated and versatile telecommunications services. The volume, quality and economy of communications that we take for granted today would be impossible if it were not for incessant innovation.

New instruments of communication, new service offerings, modern methods of operating our business, new and different means of fitting scientific discoveries to the particular requirements of our Canadian customers, new tools and machinery designed to meet our needs more efficiently are all part of the story of innovation in Bell Canada.



*Innovation in equipment and methods provides greater efficiency and better service. This "Terrain Master" enables a two-man crew to place cable speedily over rocky and uneven terrain.*





*Specially designed to meet specific requirements, the telecommunications equipment at Sona Lake, Quebec, provides connection with the national telephone network for the power development project at Churchill Falls, Labrador.*

*The CONTEMPRA telephone, combining award-winning Canadian design with compact "dial-in-hand" convenience, was introduced by Bell Canada in 1968. This push-button model will be available in 1969.*



*Electronic switching — a triumph of telecommunications research and innovation — provides for vastly improved flexibility, variety and speed of service. This centre, in Toronto, was installed in 1968.*



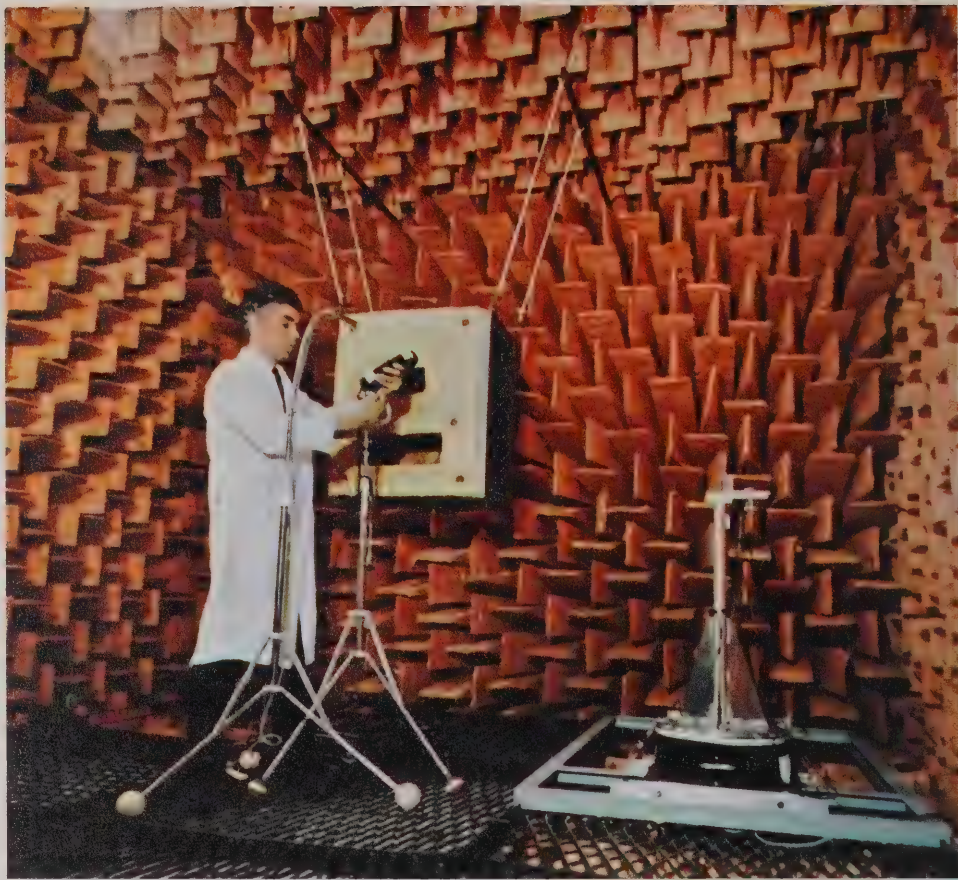


## Anticipating the Needs of Tomorrow

In Canada's largest industrial research and development establishment, a staff of more than 2,000 dedicated and ingenious men and women challenges traditional concepts and theories to assist Bell Canada in solving the communications problems of its customers. Our research and manufacturing arm, Northern Electric, in its Ottawa and branch laboratories is continually working on new developments in the various fields of telecommunications — among them electronic switching, the transmission of voice, data, radio and television, and the use of communication satellites. Expenditures on research in 1968 totalled \$35 million.

It is through such fundamental and applied research that Canadian scientists have the opportunity to work out answers which will solve the particular problems involved in providing telecommunications in our country. More than a third of the research and development staff have recognized professional status, including many with advanced scientific degrees.

Close integration of research, manufacturing and service operations is the key to North American supremacy in telecommunications. Money wisely invested in research, development and innovation pays handsome dividends in better, more efficient and more valuable services for the customer. And it enables Bell Canada to anticipate customer needs and prepare to meet them fully.



*In the sound absorbing "anechoic" chamber of the Research and Development Laboratories at Ottawa, a scientist works to improve the fidelity of the telephone transmitter.*



*Miniaturized, fault-free components for the Canadian telecommunications network are developed by research specialists in Northern Electric's modern electronic laboratories.*



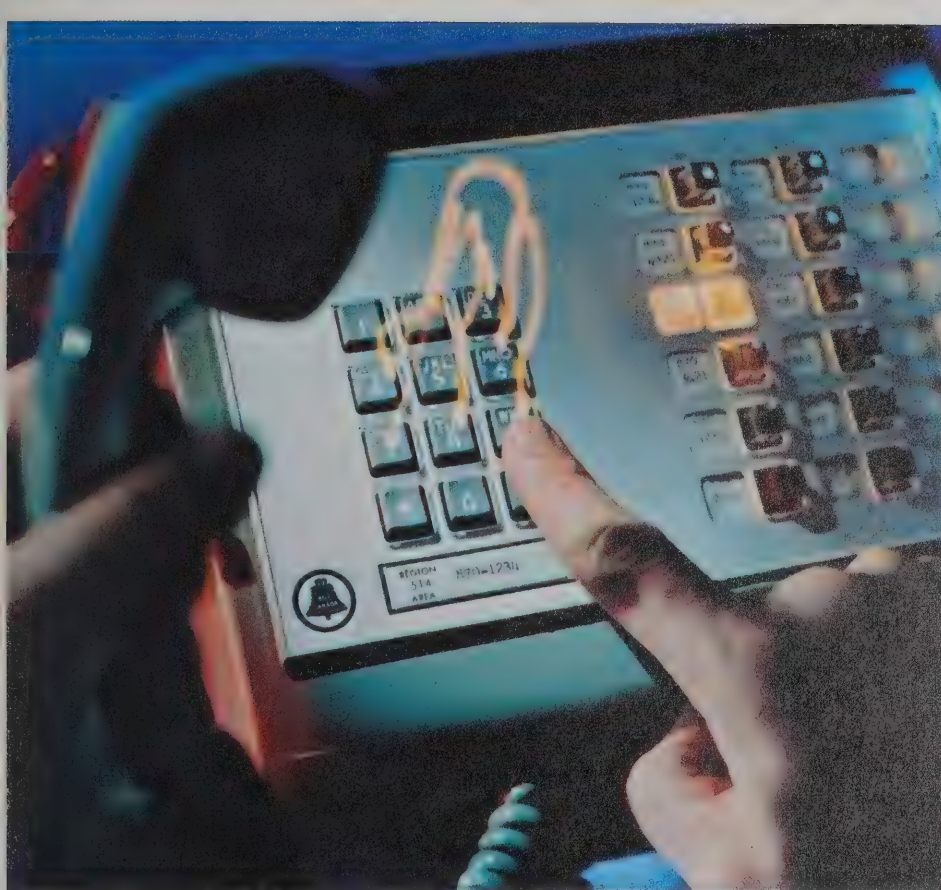
## **Ideal Medium for any Message**

Innovation, coupled with research and development, has enabled Bell Canada to adapt its voice network to meet the demands created by our modern-day information explosion. The vast and rapidly growing amount of information to be handled has made it increasingly imperative for successful businessmen to store, process and retrieve masses of data. Computers make it possible for them to do so. But to be of maximum advantage, computers must be accessible to people who need them — wherever they may be — with accuracy and speed. The integrated telecommunications network of Bell Canada and its fellow members of the Trans-Canada Telephone System makes this possible, economical and convenient.

Our high-speed transmission network is versatile. It has wide band capabilities, and can carry any volume of data, in any of the different computer languages, from one end of Canada to the other, into the United States, or overseas. It is geared to meet the needs of business customers "on demand", 24 hours a day. High quality equipment and continuous "preventive" maintenance of all facilities ensure that your data services are as efficient and reliable as your local telephone service.

From push-button speed to wide band transmission at more than 50,000 words per minute, the telephone system offers a unique combination of scope, flexibility, economy and dependability. The telephone network moves more information, to more places, to more people, than any other network. It is the ideal medium for any type of message.

*Data in any form can be fed from a wide variety of modern business machines into the Bell Canada transmission network, and delivered intact to wherever it is wanted with utmost speed and accuracy.*



*The 12-button Touch-Tone set provides businessman or housewife with contemporary telephone styling and convenience — plus direct and immediate access to any computer connected to the network.*





## The Key to our Future is Education

Bell Canada is continuously aware of its reliance on education, and of education's need for good communications.

Experimental use of classroom television to provide teachers with on-demand audio-visual aids began in December. Four Ottawa schools are participating in this test of Information Retrieval Television (IRTV). The project is jointly sponsored by the Ottawa Public School Board, Ottawa Collegiate Institute Board, the Ontario Institute for Studies in Education and Bell Canada.

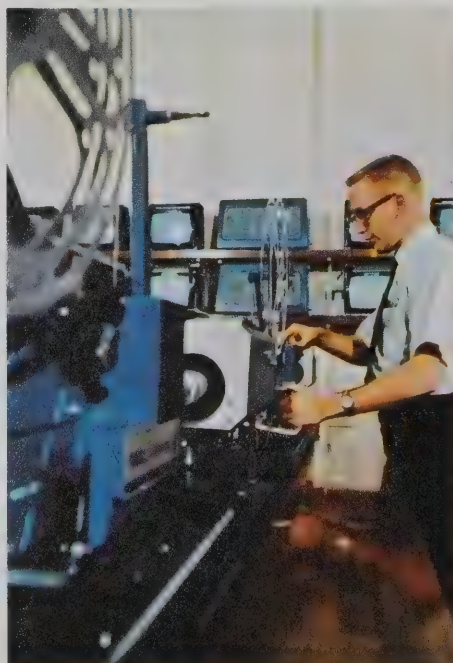
Bell Canada coaxial cable links the four schools to a central library, where instructional films and videotapes are available. The teacher in any of the 130 locations on this network may choose a program and phone her request to the librarian. The class can then view the requested film, transmitted from the library over one of 12 separate closed-circuit channels.

Six graduate students at Canadian universities were awarded Bell Canada Centennial Fellowships in 1968. René Boisvert, Quebec City, is working towards an M. Sc. in Civil Engineering at Université Laval; Palmer C. Hoar, Ottawa, towards an M.A. in Economics at Queen's University; Patricia G. Pirie, Toronto, for a Ph.D. in Pharmacology at the University of Toronto. Marc Renaud, Montreal, is pursuing advanced studies in Sociology at Université de Montréal; Colin Keith Roberts, Victoria, is working towards a Ph.D. in Linguistics at Université Laval; Mme Cécile M. Wong, Montreal, towards a Ph.D. in Mathematics at Université de Montréal.

Each fellowship provides \$3,500 to the student and an additional \$1,500 to the institution concerned to assist in the further development of Canadian university education beyond the graduate level.



*The teacher in an Ottawa classroom gives her students the advantage of the latest development in educational technique through the use of Information Retrieval Television.*



*At the IRTV central library, a technician prepares to transmit the particular filmed program requested by telephone by a teacher miles away in her classroom.*



*The central IRTV library can provide a selection of hundreds of educational and instructional films to supplement the personalized presentation of the teacher.*

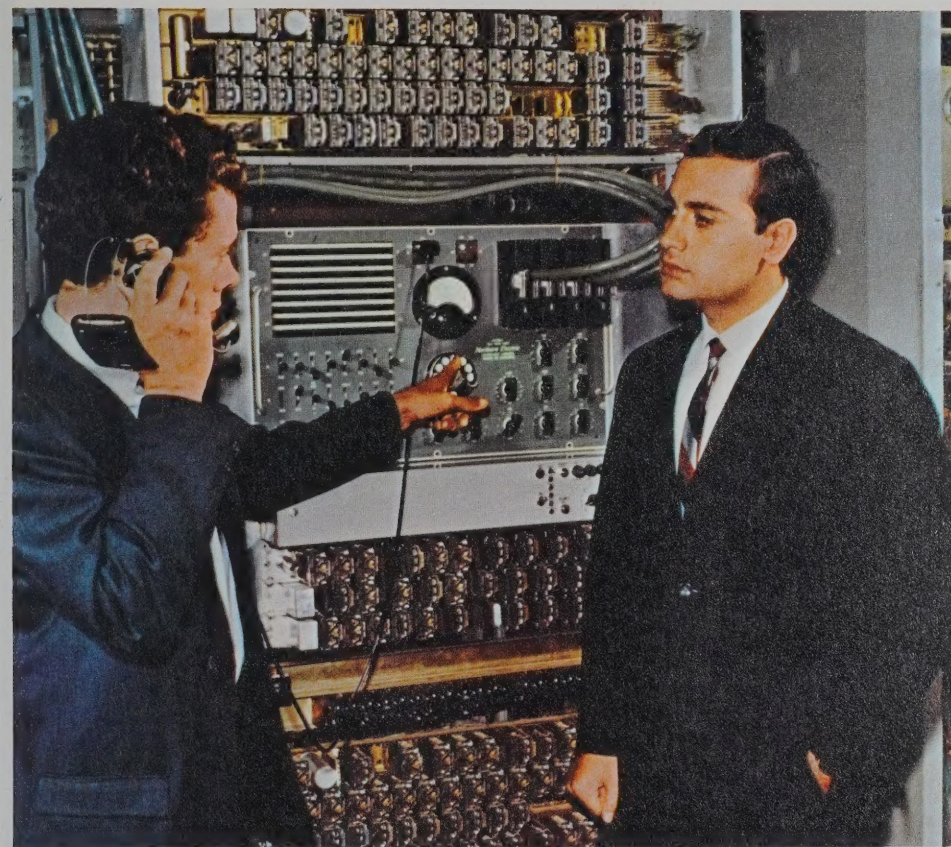


## Know-How is a Marketable Commodity

Through the work of our newly formed Consulting Services group, Bell Canada is discovering that the know-how gained in planning, building and operating a successful telecommunications business is marketable abroad — and at a reasonable profit. The Company's management and skilled employees have a vast reserve of knowledge, experience and innovative ability — talents which are increasingly in demand around the world.

More and more countries are recognizing the vital role to be played by modern telecommunications services in their social, cultural and economic development. Many are turning to Bell Canada for advice and assistance in raising the standards of their equipment, organization, administration and services under mutually acceptable contract terms.

The growing foreign demand for personnel training in Canada and for Bell Canada's consulting services overseas is developing a potentially valuable export market for Canada. It is also enhancing our international reputation as a leading authority in a highly technical field.



*A Canadian telecommunications specialist in Turkey provides on-the-spot consultation concerning the operation and maintenance of a newly-imported Canadian telephone system.*



*Small boys always seem fascinated by strangers. A Bell Canada employee under contract to the Republic Telephone Company in the Philippines finds himself the centre of attention while receiving directions on how to reach the telephone construction site from a local farmer astride a carabao.*



## Satellite Communications

Development of satellite relay provides the latest dramatic means by which ideas, images and information are transmitted between people in far separated parts of the world.

In parts of Canada's vast territory, conditions of geography and climate make construction of conventional communications facilities difficult and impractical. But for social, educational and economic reasons, Canada needs up-to-date, reliable, all-purpose telecommunications linking all parts of the land. Facilities to be made available by the proposed domestic satellite system will be used to augment the present national communications network. Ignoring terrain and distance, their signals will reach into the most remote and inaccessible parts of the land. Integration of the various individual systems will assure over-all efficiency, economy, and satisfaction of the public interest.



Anticipating the national need for Bell Canada's contribution of knowledge and experience, of skilled manpower and modern facilities, we have pressed ahead with research and development work that will be invaluable in the establishment of the Canadian domestic communications satellite system.

Already built, proved in operation with an orbiting satellite, and now under exhaustive environmental testing is a highly reliable, automatically operated earth station and antenna designed for use even in remote arctic regions. Created for Bell Canada by the Northern Electric Company, this earth station is located at Bouchette, Quebec, some 70 miles north of Ottawa. Its antenna will receive and transmit satellite signals under the most severe conditions of wind and ice-loading. And it can be dismantled and flown in sections to a pre-determined site anywhere in the world, however remote and otherwise inaccessible.







*The Bell Canada satellite earth station at Bouchette stands as a tangible example of Canadian skill, ingenuity and research in the pioneering of better telecommunications services for the future.*



